

VIRGINIA REAL ESTATE BOARD ADVISORY COUNCIL REPORT

The Virginia Real Estate Board Advisory Council held its annual meeting on Thursday, November 5, 2009, at the Department of Professional and Occupational Regulation, Richmond, Virginia. The following Advisory Council Members were present:

Joseph Funkhouser, II, Chairman
S. Ronald Owens, Vice Chairman
Sharon Johnson
R. Schaefer Oglesby
Brenda Puckett
Ned Massie
Ann Palmateer
Earl Jackson
Ed Hall
Judith Childress
Joseph Carney
Boyd Smith

DPOR Staff Members present for all or part of the meeting included:

Jay DeBoer, Director
Christine Martine, Executive Director
Kevin Hoeft, Education Administrator

- I. Call to Order - 10:11 a.m.
- II. Approval of Agenda
Motion by Mr. Oglesby, seconded by Ms. Palmateer, approved unanimously.
- III. Introduction of Advisory Council Members and Guests
New Advisory Council members included Judith Childress, Joseph Carney and Boyd Smith. New member Scott Gaeser was unable to attend the meeting. Guests included Lili Paulk of the Virginia Association of Realtors, Billy Reid of Moseley-Flint Schools of Real Estate, and Howard Williams of Alpha College of Real Estate.
- IV. Education Administrator Report (See Attachment #1)
Report summarized by Kevin Hoeft

- V. Proposed Statutory Change to “Practice Tracks” Update
Jay DeBoer informed the Advisory Council that its 2008 meeting recommendation to remove the three practice tracks from §54.1-2105.01 of the *Code of Virginia* was not included in the DPOR legislative agenda for the 2009 or 2010 General Assembly sessions due to the Governor’s legislative priorities for DPOR.
- VI. Public Comment
There was no public comment.
- VII. Advisory Council Discussion and Actions
After discussion, Mr. Massie made a motion, seconded by Mr. Oglesby, that the Board change the Post License Education program to require 10 Mandatory Topic Hours for each Practice Track consisting of the topics outlined in §54.1-2105.01.C of the *Code of Virginia* and that the number of hours specified for each Practice Track’s Elective Topics be removed so that any Elective Topic(s) course for each Practice Track could be approved by the Board for one to 20 hours. The motion was approved unanimously.
- Mr. Smith raised the question of requiring ARELLO (Association of Real Estate License Law Officials) approval for all Board-approved Post License Education courses. The Advisory Council agreed to consider this question at its next meeting.
- VIII. Other Business
There was no other business.
- IX. There being no further business or public comment, the meeting adjourned at 12:25 p.m.

Carol F. Clarke, Chair

Jay W. DeBoer, Secretary

.

ATTACHMENT #1

VIRGINIA REAL ESTATE BOARD ADVISORY COUNCIL MEETING NOVEMBER 5, 2009

EDUCATION ADMINISTRATOR REPORT

A. Statutory Purpose of Advisory Council Meet. - §54.1-2105.01.B (*Code of VA*)

1. The Industry Advisory Group shall meet at least annually to update the guidelines in each of the three educational practice tracks (Residential Real Estate; Commercial Real Estate; and Property Management)

B. History of Post License Education Program

1. HB 2723 passed by the 2003 General Assembly established the 30-hour Post License Education Program as a condition for initial renewal for all New Real Estate Salespersons licensed after January 1, 2004. This law also required that the Real Estate Board create an Industry Advisory Group to establish educational guidelines for the three Practice Tracks for New Salesperson licensees and that each Practice Track include instruction that licensees need to know in their respective practice.
2. The Real Estate Board established the Advisory Council in May 2003, and the Council met several times in the Summer and Fall of 2003 and issued its Final Report, which was approved by the Real Estate Board on October 23, 2003.
3. The Real Estate Board Advisory Council Final Report specified the Mandatory and Elective Course Topics and Hours required to complete the 30-hour curriculum for each Practice Track.
4. The Post License Education Program for New Real Estate Salesperson licensees went into effect on January 1, 2004.
5. The Advisory Council next met on October 27, 2004, reviewed the requirements in place at that time, and made the following recommended program changes: 1) Change the credit hours for the Elective courses to a minimum of two hours and a maximum of four hours for all three Practice Tracks; 2) Add an "Other Real Estate Related Course" Elective category to each Practice Track; and, 3) New Licensees must complete the Practice Track they select. If the New Licensee changes the selected Practice Tracks prior to completion, then all Mandatory hours completed in the initial Practice Track will be void.
6. At its November 18, 2004, meeting, the Real Estate Board amended and approved Recommendation One by allowing Elective courses to be a minimum of one hour and a maximum of four hours, and the Board Approved Recommendation Two as presented. The Board deferred action on Recommendation Three to its January 27, 2005, meeting where that

recommendation was rejected and replaced with the requirement that a New Licensee may change Practice Tracks by submitting a written request to the Board, and then all the previously taken Mandatory courses will be credited as Elective courses.

7. The Advisory Council next met on December 5, 2005, and October 30, 2006, and it made no recommendations for changes to the Post License Education Program for New Licensees.
8. The Advisory Council met on October 29, 2007, and recommended that the Board seek to remove the three practice tracks from the *Code of Virginia*. The Board approved this recommendation, but the Governor's Office did not include this proposal in its 2008 Legislative Agenda.
9. The Advisory Council met on December 8, 2008, and recommended that the Board seek to remove the three practice tracks from the *Code of Virginia*. The Board approved this recommendation, but the Governor's Office did not include this proposal in its 2009 Legislative Agenda.
The Advisory Council also heard a presentation on adding a Commercial Designation for Real Estate Licensees from the Virginia Association of Realtors Commercial Alliance, and the Advisory Council forwarded this information to the Board for its consideration.

C. Current Status of Post License Education Program

1. Number of Real Estate Salesperson Licenses Issued Annually

The number of New Real Estate Salesperson Licenses issued annually since the Post License Education Program was established: 1) 2004 – 9438; 2) 2005 – 11,410; 3) 2006 – 8304; 4) 2007 – 6218; 5) 2008 – 3852; and 6) 2009 – 2755 (through October 22, 2009).

2. PLE Practice Tracks Selected by New Salespersons each Year

The number of New Real Estate Salespersons initially licensed in **2004** that selected the following Practice Tracks: 1) Residential – 7212 [97.6%]; 2) Commercial – 166 [2.2%]; and, 3) Property Management – 15 [0.2%].

Those licensed in **2005** selected: 1) Residential – 8661 [97.8%]; 2) Commercial – 190 [2.1%]; and, 3) Property Management – 13 [0.1%].

Those licensed in **2006** selected: 1) Residential – 5988 [96.6%]; 2) Commercial – 190 [3.1%]; and 3) Property Management – 20 [0.3%].

Those licensed in **2007** selected: 1) Residential – 4052 [95.9%]; 2) Commercial – 157 [3.7%]; and 3) Property Management – 17 [0.4%].

Those licensed in **2008** selected: 1) Residential – 2122 [95.4%]; 2) Commercial – 87 [3.9%]; and 3) Property Management – 16 [0.7%].

Those licensed in **2009** selected: 1) Residential – 1065 [95.6%]; 2) Commercial – 42 [3.8%]; and 3) Property Management – 7 [0.6%].

3. **New Salespersons that Renewed their licenses the First Time by Year**

The number of New Real Estate Salespersons initially licensed in 2004 that renewed their licenses – 6277. Those initially licensed in 2005 that renewed their licenses – 7547. Those initially licensed in 2006 that renewed their licenses – 4509. Those initially licensed in 2007 that renewed their licenses – 2993.

4. **Number of Board-approved PLE Courses by Practice Track**

The number of Board-approved: 1) Residential Real Estate Mandatory Post License Courses – 998; 2) Residential Real Estate Elective Post License Courses – 2909; 3) Commercial Real Estate Mandatory Post License Education Courses – 66; 4) Commercial Real Estate Elective Post License Courses – 416; 5) Property Management Mandatory Post License Courses – 90; and 6) Property Management Elective Post License Courses – 239.

5. **Total Number of Licensed Salespersons by Year**

Number of Licensed Salespersons as of September 30, 2009 – 48,126

Number of Licensed Salespersons as of September 30, 2008 – 52,431

Number of Licensed Salespersons as of September 30, 2007 – 55,973

Number of Licensed Salespersons as of September 30, 2006 – 57,517

Reduction of 8.2% in Number of Licensed Salespersons between September 2008 and September 2009.

Reduction of 6.3% in Number of Licensed Salespersons between September 2007 and September 2008.

Reduction of 14.0% in Number of Licensed Salespersons between September 2007 and September 2009.

Reduction of 2.7% in Number of Licensed Salespersons between September 2006 and September 2007.

Reduction of 8.8% in Number of Licensed Salespersons between September 2006 and September 2008.

Reduction of 16.3% in Number of Licensed Salespersons between September 2006 and September 2009.

D. Post License Education Program Changes

1. §54.1-2105.01.A (*Code of VA*)

Effective July 1, 2008, all New Salesperson licensees must complete the 30-hour Post License Education curriculum within one year of licensure. Failure to do so will cause the Salesperson's license to be placed on Inactive status by the Board until the curriculum is completed.

2. Approximately 1300 New Salesperson licenses were issued between July 1, 2008 and October 22, 2008. Of these, 462 were placed on Inactive status for failing to complete the PLE requirement within one year of initial licensure.

E. Disciplinary Information Since July 1, 2007

1. Number of Board complaints received: 1) FY 2007 – 723; 2) FY 2008 – 861; 3) FY 2009 – 713; 4) FY 2010 - 214 (July 1 – October 22, 2009).
2. Number of Board Disciplinary Actions in CY 2007 – 57; 2) CY 2008 – 83; 3) CY 2009 - 120.
3. Top Ten Disciplinary Violations since July 1, 2007 (Number of occurrences in parentheses):
 - a. Unworthiness and Incompetence – Failure to safeguard the interests of the public (77).
 - b. Unworthiness and Incompetence – Engaging in improper, fraudulent or dishonest conduct (46).
 - c. Unworthiness and Incompetence – Criminal conviction (43).
 - d. Improper Delivery of Instruments – Failure to provide timely, written notice of any material changes to a transaction (40).
 - e. Unworthiness and Incompetence – Failure to inform the Board within 30 days of a criminal conviction (26).
 - f. Maintenance and Management of Escrow Accounts – Failure to comply when disbursing funds from escrow accounts in purchase transactions (23).
 - g. Failure to exercise ordinary care by a licensee engaged by a landlord to lease property (20).
 - h. Unworthiness and Incompetence – Obtaining a license by false or fraudulent representation (16).
 - i. Conflict of Interest – Acting as a standard agent or independent contractor for any client outside the licensee's brokerage firm(s) or sole proprietorship(s) (14).
 - j. Knowingly making any material misrepresentation or making a material misrepresentation (12).
 - k. Failing to provide records to the Board (12).